

Combined Nuclear Pension Plan (CNPP) 2013 Annual Benefit Statements

This note is to explain the changes which have been made to the presentation of your pension benefits on your annual benefit statement. Please note that:

- There is no change to your entitlement and your benefits payable from the CNPP are unchanged.
- Your annual benefit statement correctly reflects your benefits.

If you have yet to receive your statement, please contact the Pensions Administration Office using the details at the end of this note, to arrange for a duplicate copy to be issued.

All members

The death in service lump sum is calculated correctly and includes the spouse's pension deductions that must be applied under the Rules. The calculation of 2 x pensionable earnings incorporates a deduction for enhanced service for spouse's pension (if you are unmarried at the date of your death and no pension is paid to your beneficiaries there will be no deduction) and **less** the preserved lump sum payable in respect of previous CNPP service to 31 March 2010 for those relevant Springfields Fuels Limited members.

For benefit statement purposes all members are assumed to be married and figures are provided covering the death in service spouse's pension and lump sum. When providing a spouse's pension on death in service, the Pension Scheme rules allow for an enhancement to your reckonable service (the level of enhancement granted will depend on the reckonable service you have accrued to date of death). There is a cost associated with the provision of this enhancement. This cost is met by a deduction from the death in service lump sum benefit (an example of the deduction calculation is shown below):

$$\text{Deduction} = \frac{(1.5 \times \text{Enhanced service})}{80} \times \text{Final Pensionable Earnings}$$

GPS Section members

GPS members' death in service lump sum – The annual benefit statement correctly reflects the amount that is paid to your beneficiary upon your death under the CNPP Rules. These provide for a lump sum of 2.5 times your annual salary. Your total death in service lump sum of 3.5 times your annual salary is unchanged and the additional 1 times annual salary continues to be paid by your employer.

GPS members NI Modification – For some members the annual benefit statement has been amended to reflect the very small NI Modification which must be applied to members' benefits under the CNPP Rules. You will only be affected if you participated in the United Kingdom Atomic Energy Authority (UKAEA) pension scheme prior to 31 March 1980 and subsequently transferred your UKAEA service into the GPS Pension scheme.

What are NI Modifications?

From March 1948 (when compulsory National Insurance arrangements were introduced) until April 1980, benefits from Public Sector pension schemes were slightly reduced or modified to take into account the fact that a State pension would be received at retirement age in addition to the occupational scheme benefits. In order to compensate for receiving a slightly reduced pension, contributions to the scheme during employment up to 31 March 1980 were also reduced (at the rate of 22p per month for men and 25p per month for women). With effect from 1 April 1980, public sector pension schemes ceased to be subject to NI Modifications. This means that scheme pensions will be reduced only in respect of service occurring up to 31 March 1980. As such, if a member joined the scheme before 31 March 1980, their annual pension will be reduced (from age 65 for men and age 60 for women) by an amount not exceeding £1.70 for each year of service before 1 April 1980 and proportionately for a part year. Any added years being purchased, or any enhancement of service awarded, are ignored for the purpose of this calculation.

Expression of Wish (EOW)

Your annual benefit statement may have incorrectly stated that no EOW form was held, when one was. We can confirm that no EOW forms have been lost, however, the indicator in our system was incorrectly set to "no" for some members. We would like to apologise for any inconvenience caused by this error. This issue has been addressed and we can confirm that our system now holds the correct indicator. Should members wish to confirm that we do hold their EOW form, they should contact the Pensions Administration Office using the details at the end of this note. Alternatively, as a quick check, if your 2012 annual benefit statement indicated that we held an EOW form for you, we can confirm that we still hold your form.

Should you have any further questions regarding your annual benefit statement, please contact the Pensions Administration Office using the following details:

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